

WHAT'S HOLDING UP SES PAY REFORM

Delays cost top execs tens of thousands

By TIM KAUFFMAN

Executives at nearly a dozen agencies could be in line to receive salaries and bonuses totaling more than \$200,000 a year as soon as this week. But two-thirds of all federal executives could be left in the lurch because of inaction by their agencies.

This week, Office of Personnel Management Director Kay Coles James is expected to sign off on plans from about 12 agencies that want to pay their

INSIDE

The process: OPM outlines steps to certify new executive pay systems. Page 6

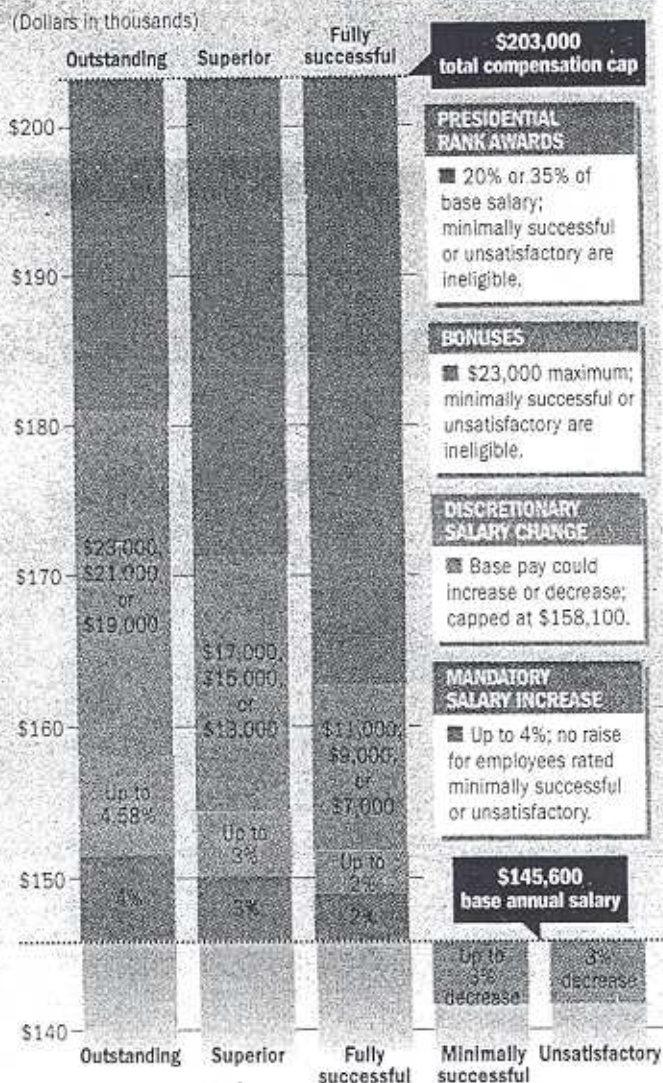
Downside: Pay for performance doesn't work, expert argues. Page 6

Senior Executive Service members higher salaries under a pay-for-performance system that took effect this year, OPM officials said. The Office of Management and Budget also must agree to the plans before they kick in.

The dozen agencies are among 17 seeking OPM's permission to pay their executives under the new rules, said Hughes Turner, deputy associate director for OPM's Center for Leadership and Executive Resources Policy. The remaining plans are under review at OPM. About half a dozen agencies say they already have a proven performance appraisal system in place. The rest have asked for provisional certification, which indicates their systems haven't been tested.

PERFORMANCE PAYS

The Agriculture Department is among at least a dozen agencies waiting for approval of a new Senior Executive Service compensation system. How an SES member at the top of the pay scale — \$145,600 — could fare under the Agriculture Department's proposed pay plan:



See EXECUTIVES, Page 7

SOURCE: Agriculture Department

GRAPHIC BY MARCIA STAIMER AND J. BRETSCHNEIDER

Executives

Continued from Page 1

Those 17 agencies employ roughly 2,777 career and political SES members, or 35 percent of the 7,888 SES members, Turner said.

Several of the largest agencies, including the Defense and Homeland Security departments, haven't submitted plans to OPM. Agencies without approved plans must continue to pay executives under the former system, in which total pay is more than 15 percent below the pay cap in the new system.

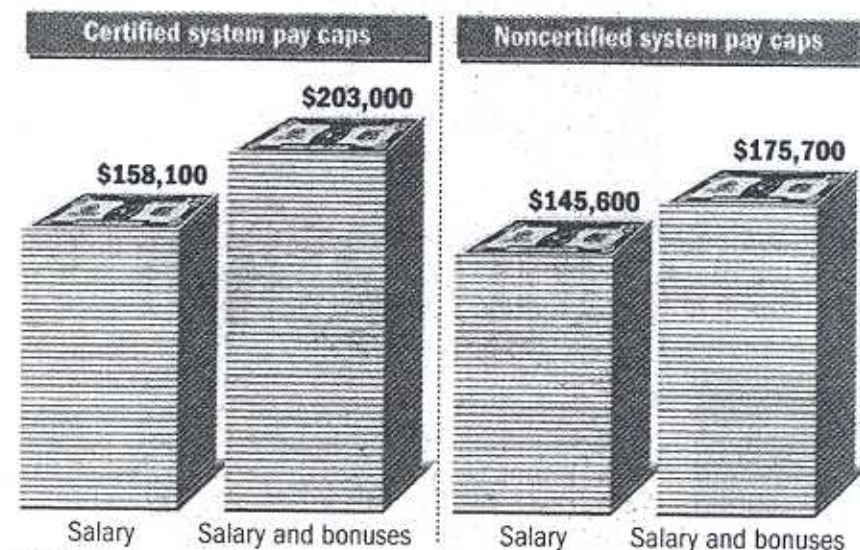
Some agencies that would have qualified only for provisional certification might have decided not to seek OPM's approval this year because the certification expires Dec. 31, OPM officials said. Certification is based on a calendar year, with provisional certification lasting one year and full certification good for two years.

Other agencies are still developing their plans. "They're working within their own time frames," said Jeff Risinger, an OPM deputy associate director.

In November 2002, Congress raised the SES ceiling for total compensation, which is base pay plus bonuses and awards, from the top of the Executive Schedule — now \$175,700 — to the vice president's salary — \$203,000. OPM delayed issuing the regulations agencies needed to imple-

BIGGER RAISES FOR SOME EXECS

Agencies with certified pay systems will be able to pay Senior Executive Service members more:



SOURCE: Office of Personnel Management

GRAPHIC BY CHRIS BROZ

ment the measure until after Congress passed separate legislation in November 2003 raising the base pay cap. It was another eight months before OPM and OMB issued interim regulations spelling out the criteria and procedures agencies must follow to pay their executives under the new caps.

"There's really no excuse for this to drag on for this length of time," said Carol Bonosaro, president of the Senior Executives Association.

Ron Sanders, OPM's associate director for strategic human resources policy, said OPM issued draft standards earlier this year to let agencies know what to expect

in the regulations, published July 29. Submitted plans should be approved in time to reward high-performing executives with larger pay increases in January.

"Agencies pretty much knew what they had to have in place to get certified," Sanders said in a Sept. 23 interview. "So to the extent they can show us that they already have these things in place, at least to meet the provisional criteria, then it's entirely possible that they be certified next week, the week after, the week after that and then be able to make pay adjustments for SES members as a result of the '04 performance appraisal cycle."

TOP 10 MISTAKES

The top 10 things to avoid in your Senior Executive Service appraisal system certification requests:

- 10 Failing to submit official approval request form.
- 9 Failing to include all the required information and documents.
- 8 Allowing a senior executive with negative performance standards to be considered "minimally satisfactory."
- 7 Individual performance plans don't hold executives accountable for managing the performance of subordinates.
- 6 Failing to include performance measures in each executive's performance plan.
- 5 Performance requirements for individual executives don't include measures of employee and customer satisfaction.
- 4 Failing to document that senior executives participate in developing their performance plans.
- 3 Individual performance plans don't hold executives accountable for specific business results.
- 2 Individual performance plans don't link clearly to organizational goals.
- 1 Annual pay adjustments for executives are given automatically.

SOURCE: Office of Personnel Management
GRAPHIC BY JOHN BRETSCHNEIDER

The Agriculture Department was the first agency to submit a certification proposal to OPM, on April 28. OPM has asked Agriculture for additional information, mostly to clarify technical questions, but it doesn't appear to have significant problems with the proposal, said John Surina, Agriculture's deputy assistant secretary for administration.

As at many other agencies, Agriculture's annual appraisal cycle for senior executives ends Sept. 30. Agriculture is proceeding with evaluation of SES performance plans and expects to be able to pay its executives under the new system in January, Surina said. "We're working on the assumption that that approval is right around the corner," he said.